

Deferred Compensation (457) and Cash Match [401(a)] Point Sheet

Commonwealth of Virginia (457) Deferred Compensation Plan

Eligible Participants	<i>All employees</i> (salaried and wage, full-time and part-time)
Maximum Amount	100% of compensation up to maximums defined below
Minimum Amount	\$10 per pay period

Deferred Compensation (457) limits		2005	2006
	Normal deferral limit	\$14,000*	\$15,000*
	Age 50+ Catch-Up	\$4,000	\$5,000
	Standard Catch-Up (double normal limit)	\$28,000	\$30,000
	* Limited only by Annual Compensation less pre-tax purchase of service credit (buyback).		

Refunds of Deferred Compensation Plan Over-Deferrals	<i>VRS' benefits council has determined that over-deferrals MUST be returned directly by Great West to the participant. Great West will be responsible for issuing the employee a Form 1099R for the year in which the over deferral occurred. If there are earnings on the over-deferral a Form 1099R will be issued for the year in which the earnings were refunded. DO NOT perform any deduction refunds in CIPPS.</i>
	If you become aware of an over deferral to the 457 Plan notify the Plan Administrator at VRS immediately giving the name of the participant, amount of the over-deferral and the calendar year in which the over-deferral occurred. Do not send participant Social Security numbers using email. Include your payroll center contact information (name, title, agency, agency number, mailing address, email and telephone number) in the communication to VRS.

DCP Compensation Includes	Salary	Wages	Overtime	Bonuses	Termination Pay*
	Sick Leave	Annual Leave	VSDP Short-term Disability Payments		Personal Leave
	For members of the General Assembly compensation also includes taxable reimbursements for office expenses.				
	Except for before tax purchases of VRS service credit, other pre-tax deductions, such as, premium conversion, are no longer subtracted from the annual gross salary in determining compensation.				

Compensation does not include	Pre-tax purchase of defined benefit plan service credit	VSDP long-term disability payments	WTA severance payments
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* Termination Pay Includes	Accumulated sick pay (including VSDP disability credits)	Accumulated vacation pay (annual leave, comp leave, overtime leave, on-call leave)	Back pay payable with the Participant's final paycheck or within twenty (20) days thereafter							
	May only be contributed if the participant submits a signed Payroll Authorization Form while still employed and no later than the month prior to the month the payment would otherwise have been received. Example: <table><tr><td>Termination date</td><td>April 30</td></tr><tr><td>Final pay through April 30</td><td>May 16</td></tr><tr><td>Termination pay</td><td>June 1</td></tr><tr><td>Deadline to submit completed Payroll Authorization form to Payroll Office</td><td>April 30 (the employee's term date)</td></tr></table>			Termination date	April 30	Final pay through April 30	May 16	Termination pay	June 1	Deadline to submit completed Payroll Authorization form to Payroll Office
Termination date	April 30									
Final pay through April 30	May 16									
Termination pay	June 1									
Deadline to submit completed Payroll Authorization form to Payroll Office	April 30 (the employee's term date)									

Availability of Funds	Upon severance of employment
	While an employee, funds are only available in cases of severe financial hardship resulting from an unforeseeable emergency as defined by the Internal Revenue Service and approved by the plan administrator.

<i>To enroll</i>	Current employees	Must complete: 1) Participant Enrollment Form 2) Beneficiary Designation Form	Must be submitted no later than the month prior to the month in which the first deduction is to be made and prior to the date the compensation is payable.
	New Hires	<i>Both must be sent to Great West</i>	New hires that wish to participate in the DCP as of their first day of employment must submit the Enrollment Form prior to their first day of employment.
	No payroll deductions can begin until the form has been signed and returned to the employing agency.		

To enroll	Current employees	New Hires
Complete Participant Enrollment Form	X	X
Complete Beneficiary Designation Form	X	X
Submit both forms to Great West:	no later than the month prior to the month in which the first deduction is to be made and prior to the date the compensation is payable	prior to the first day of employment if participation in the DCP is to be effective as of first day of employment
No payroll deductions can begin until the forms have been signed and forwarded to the employing agency.		

<i>Existing Participants who want to:</i>	Payroll Authorization Form	Normal Retirement Age Election Form	Standard Catch-Up Credit Worksheet
Increase or decrease deferral amount	X		
Suspend or reactivate deferral	X		
Elect Age 50 + Catch-Up	X		
Defer from Termination Pay	X		
Invoke Uniformed Services Leave Make-Up	X		
Continue deferrals when transferring to another Agency	X		
Elect Standard Catch-Up	X	X	X
These forms are to be submitted <i>directly</i> to the payroll office for processing.			

What	When	How
Age 50+ Catch-Up	May begin in the calendar year in which the participant turns age 50.	Participant provides signed Payroll Authorization Form to the agency payroll office.
Standard Catch-Up	Can only be elected in the three calendar years that immediately precede the year that the participant designates as his "Normal Retirement Age".	Participant must complete a Catch-Up Credit Worksheet, a Normal Retirement Age Election Form, and a Payroll Authorization Form.
	The payroll deduction may begin immediately; however, if Great West denies the amount or authorization for catch-up, refunds may be required and will be made by Great West.	The originals of these forms must be on file with the employer. Failure to have these properly executed forms on file will result in a refund of deferrals in excess of the annual limit and a taxable event for the participant.
		Copies of the Catch-Up Credit Worksheet and the Normal Retirement Age Election Form <i>must be sent to Great West</i> for review.
Age 50+ Catch-Up and Standard Catch-Up <i>cannot</i> be used in same calendar year		
Deferrals from Payments for Annual and Sick Leave Balances	The signed Payroll Authorization Form must be submitted to the payroll office while the participant is still an employee and no later than the participant's last month of employment.	Participant must complete a new Payroll Authorization Form indicating the amount of the one-time deferral of Employment Termination Payout.
	The payment/deferral of unused sick and annual leave must occur no later than 20 days after the employee's final pay check.	
The annual 457 Plan limits apply to <i>ALL</i> deferrals made during the calendar year - both from normal salary and leave payouts.		

Virginia [401(a)] Cash Match Plan

Eligible Participants	Salaried employees only	No waiting period
Maximum Amount	The cash match is equal to 50% of the employee deferral per pay period; maximum of \$20 semi-monthly pay period or \$40 monthly. Annual maximum on the cash match is \$480.00.	If employee is in less than a 12-month contract, the match is adjusted to equal the same annual amount not to exceed 50% of employee's deferral each pay period.
Minimum Amount	participation is automatic for salaried employees who defer at least \$10.00 per payday to the DCP.	
Limitations	Employees receiving a cash match based on deferrals to a 403(b) plan may not receive a contribution to the Virginia Cash Match Plan. Deduction Codes 38 and 39 may not be active at the same time.	Employer Cash Match contribution can only be made for a payday on which the participant deferred at least \$10.00 to the 457 Plan. (If the participant defers up to the 457 limit prior to the end of the calendar year no additional cash match contributions may be made for the participant).

Reports

Agencies are responsible for compliance monitoring of Deferred Compensation and Cash Match. Reports to assist compliance monitoring follow:

Report Number/Name	Purpose	Frequency
U143 - Cash Match Exception Listing	Identifies employees with cash match deductions that are either a) greater than 50% of their deferral or b) cause the YTD to be greater than annual limits or c) have no corresponding Def Comp deduction.	Semi-monthly
855 - Deferred Compensation Excess Deduction Report	Identifies employees who <i>may be</i> exceeding annual 457 limits.	As requested on HSRUT
906 – Potential Cash Match Exceptions	Identifies employees whose cash match deductions are not active but who have active Deferred Comp deductions.	As requested on HSRUT
933 - Def Comp Cash Match Audit Report	Provides a listing of all Deferred Compensation participants with current and YTD DC and Cash Match amounts.	As requested on HSRUT
942 - Cash Match Audit Report	Identifies employees for whom the cash match should be deactivated due to the deferred compensation goal having been met.	As requested on HSRUT